

I-502 Marijuana

JUNE 2014

Retailers

Marijuana retailers are licensed by the Washington State Liquor Control Board (LCB) to sell useable marijuana, marijuana concentrates, and marijuana-infused products to consumers in Washington.

How Taxes Apply to the Sale of Marijuana

Marijuana retailers are subject to Washington taxes administered by the Department of Revenue.

Business and Occupation (B&O) Tax:

The gross income received from the sale of useable marijuana, marijuana concentrates, and marijuana-infused products to consumers is subject to the B&O tax under the Retailing classification.

Retail Sales Tax:

Marijuana retailers must also collect and remit retail sales tax on all sales of useable marijuana, marijuana concentrates, and marijuana-infused products to consumers. The retail sales tax rate would be the tax rate based on the retailer's business location where the customer takes delivery of the product.

- **Marijuana Products are not Prescription Drugs:** Whether sold for recreational or medical purposes, sales of marijuana do not qualify for the sales and use tax exemption for prescription drugs. (See our [Special Notice: Sales of Medical Cannabis Remain Subject to Sales Tax.](#))
- **Marijuana Products are not Food or Food Ingredients:** Marijuana-infused products, including marijuana concentrates, are not food or food ingredients. Therefore, these products do not qualify for the sales tax exemption for food and food ingredients.
- **Nonresidents Must Pay Retail Sales Tax on Purchases of Marijuana Products:** Marijuana sales to nonresidents are subject to retail sales tax. Sales of marijuana to nonresidents do not qualify for the limited nonresident sales tax exemption.

For more information, see our [Special Notice: Recreational and Medical Marijuana – Repeal and Clarification of Excise Tax Deductions, Exemptions, and Preferential Rates.](#)

Amount Subject to B&O Tax and Retail Sales Tax:

Both the B&O tax and retail sales tax are calculated on the total selling price paid by the customer. The selling price can include, but is not limited to:

- Cost of goods sold.
- Markup, which may include:
 - The 25% marijuana excise tax paid to the LCB.
 - Business expenses.
 - Additional markup for desired profit.

Continued on next page.

25% Marijuana Excise Tax is Paid to Liquor Control Board

Marijuana retailers are also liable for the 25% marijuana excise tax based on gross revenues. This tax is administered and payable to LCB. For more information, see LCB's webpage on I-502 implementation at: <http://liq.wa.gov/marijuana/I-502>. If you have questions regarding this excise tax, please call LCB's Customer Service Team at 360-664-1600 and choose Option 1 at the prompt.

The Department of Revenue will not accept payments for the 25% excise tax paid to LCB.

TELEPHONE INFORMATION CENTER
1-800-647-7706

[HTTP://DOR.WA.GOV/MARIJUANA](http://dor.wa.gov/marijuana)